

**Management's Response to the Auditor General's Review of
Parks, Forestry and Recreation Division – Concession Agreements Review**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
1.	The General Manager, Parks, Forestry and Recreation, develop written procedures for follow-up on past due accounts.	X		PF&R current follow-up procedures on past due accounts are in adherence with the Corporate process – 'Accounts Receivable Collection Policies and Procedures' – Policy #AS-AR-02. These are written procedures that dictate as part of the Accounting Services policy. See attached link to policy - http://insideto.toronto.ca/accounting_services/pdf/acct_receivable_collection_policies_procedures.pdf	PF&R completed the development of written procedures for follow-up on past due accounts, in June 2010. This policy and procedures document in accordance with the Corporate process.
2.	The General Manager, Parks, Forestry and Recreation, revise concession cost and property tax billing and collection practices to include more timely collection.	X		Concession cost billing practices will be reviewed for a more frequent billing process. Property taxes are currently invoiced for recovery at interim and final billing periods. In 2011, PF&R will revise this and implement a monthly recovery process, as recommended.	Property taxes to be billed monthly (estimates based on previous year taxes) with required adjustments at year end.

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3.	The General Manager, Parks, Forestry and Recreation, develop a process to evaluate concession payment terms for new or existing agreements at the time of renewal to include, where appropriate, terms requiring more frequent payments.	X		Currently, as agreements expire, payment terms are evaluated at the time of renewal. More frequent payment schedules are implemented, except on small seasonal operations where an annual payment is appropriate. These are all already evaluated on a case by case basis.	Continue to include more frequent payment terms as agreements are renewed.

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4.	The General Manager, Parks, Forestry and Recreation, implement a process, where applicable, to validate concessionaire reported sales by City staff on a periodic basis.	X		<p>Currently, for all new and renewed leases and agreements, we are negotiating a flat based rate. Therefore, in time all financial terms will be flat based rates, and percentage of sales will not exist, thereby negating the need for validating sales records/figures.</p> <p>In the interim the Division will balance staffing resources required to periodically review and validate concessionaire reported sales against risk by reviewing concessionaire sales in accordance with the protocol described in the Action Plan.</p>	<p>In order to address the need for validating concessionaire reported sales by City staff, PFR will agree to develop a protocol whereby:</p> <ul style="list-style-type: none"> -a maximum of 3 concessionaire reported sales are reviewed annually -a substantial decrease in year over year revenue would trigger a review or where PFR staff have concerns over reported revenues -this will be implemented on a go forward basis and will be included in agreement terms as they are renewed (unless they are flat based rates).

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5.	The General Manager, Parks, Forestry and Recreation, develop written procedures for collecting concession payments.	X		<p>PF&R will develop written procedures for collecting concession payments in order to formalize our process.</p> <p>The report states payments are received through mailed cheques or picked up by City staff in person. It should be clarified that payments are no longer being picked up by City staff in person. This practice ceased in 2010.</p>	PF&R will draft written procedures within the 1 st quarter of 2011.
6.	The General Manager, Parks, Forestry and Recreation, explore other collection methods including pre-authorized payment, electronic fund transfer, on-line banking and the use of post-dated cheques.	X		Pre-authorized payment, electronic fund transfer and use of post dated cheques, are already acceptable methods of payment used by PF&R. We can explore the feasibility of on-line banking.	PF&R will explore the feasibility of on-line banking in 2011. Note, all other recommended collection methods are already being used by PF&R.

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7.	The General Manager, Parks, Forestry and Recreation, in consultation with the City Solicitor, review new and existing concession agreements at the time of renewal, for opportunities to standardize management control clauses.	X		PF&R agrees that new and existing agreements at renewal should include standardized management control clauses. In fact, PF&R already have this process in place. As agreements are renewed, common terms are addressed. These are vetted through the City Solicitor prior to signing. Note, it is not prudent to address historical not expired agreements prior to the expiration date, and only new and renewing agreements are being addressed.	No action or timeframe, as this is already in place. The standard management control clauses have been developed and are currently being incorporated as the leases are renewed.